



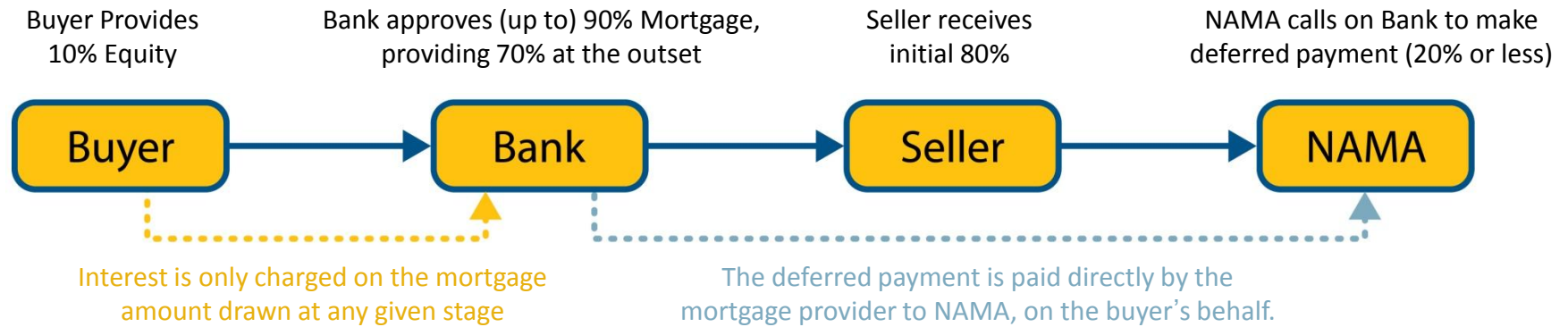
# DEFERRED PAYMENT INITIATIVE FOR RESIDENTIAL MORTGAGE MARKET

*8<sup>th</sup> May 2012*



## Key Features

- Pilot scheme with 115 houses to test market appetite
- Aimed at buyers who have been approved for mortgage at today's sale price but who are reluctant to commit at this time lest prices weaken further
- Scheme protects buyer from decreases of up to 20% over five years
- Agreement from three banks to support the initiative
  - **AIB [via EBS]**
  - **Bank of Ireland**
  - **permanent tsb bank**



Notes:

- The Bank commits at the outset to make the deferred payment mortgage in Year Five subject only to the amount of the revised property valuation.
- The Buyer to make annuity payments based on repayment of the full 90% mortgage over the agreed term, although only 70% has been drawn down, which will help the buyer reduce the principal amount over the first five years at a quicker rate than would otherwise be the case.



# Advantages

## **Buyer**

Reassures buyer that they won't miss out on further price decreases  
Facilitates access to housing market and increases buyer confidence

## **Seller/NAMA debtor**

Increases chances of closing sales today  
Facilitates earlier repayment of debt to NAMA  
Reduces maintenance costs on unsold properties

## **NAMA**

Encourages debtor sales and NAMA receipts  
Increases volume of transactions + increases confidence so good for property sector generally  
De-risks portfolio [100% : 20% for each asset sold]

## **Economy**

More transactions = more revenue for State  
Helps re-establish confidence in the market  
Ensures greater occupancy in developments



## Eligible Properties

- Focused initially on the metropolitan areas of Dublin, the Greater Dublin Area and Cork, which already exhibit strong rental demand
- The Pilot covers houses only and includes properties that are attractive from the perspective of first time buyers and other categories of owner occupier



## Eligible Properties

- The following developments include units which are eligible under the Initiative (additional units may be added over the coming weeks):

Property Name & Address	Unit #
Initial Launch	
Devlin Bank, Naul Village, Co Dublin	29
Loughmore Square, Killeens Castle, Dunshaughlin, Co Meath	18
Browns Barn Wood, Dublin 22	2
Carrickmines Manor, Glenamuck Road Dublin 18	4
Cul Ard, Carrigtwohill, Co Cork	13
Old Quarter, Ballincollig, Cork	14
Drakes Point, Crosshaven, Co Cork	3
Brightwater, Crosshaven, Co Cork	11
Rowan Hill, Mount Oval, Rochestown, Cork	10
Inis Alainn, Carrignafof, Cobh, Co Cork	7
Highfield Park Development, Ballincollig, Co Cork	1
Ardfield, Grange, Douglas, Co Cork	3
	115



## Myths

Further bubble-  
era type  
interference in  
property market

Prevents market  
from finding a  
floor

Subsidising  
the banks

No comparison  
between facilitating a  
price reduction and  
stimulating a price rise

Designed to aid transactions  
while market still finding a  
floor

80% of something is  
better than 100% of  
nothing



## Myths

NAMA is  
becoming a bank

Banks do all normal  
engagements with  
customers....NAMA  
simply delays receipt of  
20% of sale price

Won't fix the  
housing market  
problems

Doesn't intend to...simply one  
piece of the jigsaw





## Conclusion

- Launch will help confirm whether appetite exists for innovations such as these
- Low risk but high reward for all parties
- DPI is simply one part of the jigsaw to restore confidence to the property market
- Onus on all stakeholders to innovate and support restoration of normalised property market.

